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Message Text

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ACTION ABF-01

INFO OCT-01 EUR-12 ISO-00 FSE-00 TRSE-00 SSO-00 OPR-02
PER-05 AID-05 EB-08 /034 W
----------100712 121554Z /72
O 121450Z APR 78
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC IMMEDIATE 6231

UNCLAS BELGRADE 2933

E.O. 11652: N/A
TAGS: OFIN
SUBJECT: OFFICIAL EXCHANGE RATE

REF: A/ STATE 092843, B/ BELGRADE 2852

1. SINCE IT IS EVIDENTLY NEEDED, FOLLOWING SHOULD FURTHER CLARIFY INFORMATION CONTAINED IN OUR PREVIOUS TELEGRAMS. THERE ARE TWO BUYING RATES:

A.CASH TRANSACTION RATE. THIS IS APPLIED TO PURCHASES OF US NOTES, TRAVELERS CHECKS, TREASURY CHECKS, ETC. THIS IS THE PREVAILING RATE AVAILABLE TO ANYONE NOT HAVING A HARD CURRENCY BANK ACCOUNT (INCLUDING USDO). CASH TRANSACTION RATE, TOURIST RATE, AND CASH CONVERSION RATE AS MENTIONED REF (B) IS ONE AND SAME.CURRENT RATE IS ND 17.45 TO DOL 1.00.

B. HARD CURRENCY ACCOUNT RATE.THIS IS THE BANK'S BUYING RATE FOR DOLLARS HELD IN HARD CURRENCY ACCOUNTS AND IS ALSO USED FOR INTERNAL BANKING TRANSACTIONS. THIS RATE IS AVAILABLE TO USDO OR ANYONE HOLDING A HARD CURRENCY ACCOUNT, CURRENT RATE IS ND 18.27. USDO PREVAILING RATE WOULD BE ONE-TENTH OF ONE PERCENT LOWER OR ND 18.25 DUE TO ADMINISTRATIVE FEE.

2. USDO AND EMBASSY ECONOMIC OFFICER MET WITH BANK
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OFFICIALS ON APRIL 10 AND CONFIRMED FOLLOWING:

A. PRIOR TO 1 APRIL USDO PREVAILING RATE WAS BASED ON CASH TRANSACTION RATE LESS ONE-TENTH OF ONE PERCENT FEE.

B. SUBSEQUENT TO 1 APRIL USDO PREVAILING RATE WAS BASED ON NEW CASH TRANSACTION RATE WHICH IS WITHOUT FEES. HOWEVER, THE NEW RATE DROPPED OVER THREE PERCENT

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AND VARIED FROM THE HARD CURRENCY DOLLAR ACCOUNT RATE
BY MORE THAN FOUR PERCENT. REASON GIVEN WAS THE
ELIMINATION OF EXCHANGE FEES IN NEW RATE.
C. SINCE USDO NOW HELD TO NEW CASH TRANSACTION
RATE BANK OFFICIALS SUGGESTED THAT EMBASSY APPLY FOR
DOLLAR ACCOUNT IN ORDER OBTAIN HIGHER EXCHANGE RATE.
BANK ASSURED USDO THAT DOLLAR ACCOUNT COULD EASLY BE
ESTABLISHED UPON LETTER APPLICATION AND THAT FOR USDO
NO DEPOSIT WOULD BE REQUIRED. ACCOUNT COULD ALSO REMAIN
AT ZERO BALANCE AND USED ONLY AS NEEDED. BANK FURTHER
STATED THAT ANY DINARS PURCHASED FROM DOLLAR ACCOUNT
WOULD NORMALLY BE CREDITED TO USDO CHECKING (FSA) ACCOUNT
WITHIN SAME DAY.

3. ADVANTAGES OF OPENING DOLLAR ACCOUNT ARE AS FOLLOWS:
A. HIGHER PREVAILING EXCHANGE RATE (FOR EVENTUAL
DOLLAR PURCHASE OF DINARS AND FOR IMMEDIATE SAVINGS
AGAINST DOLLAR APPROPRIATIONS).
B. USE OF DOLLAR ACCOUNT BY USDO TO PURCHASE US
NOTES (GREEN) FOR OFFICIAL PURPOSES. NO FEE WOULD BE
CHARGED THE DOLLAR ACCOUNT FOR CASH WITHDRAWALS SHEREAS
PRESENT FEE FOR PURCHASE OF US NOTES WITH TREASURY CHECKS
WOULD BE DIFFERENCE BETWEEN BANK'S BUYING AND SELLING
RATE PLUS 1.5 PERCENT OR MORE THAN 6 PERCENT PER ONE
THOUSAND DOLLARS PURCHASED.
C. DOLLAR ACCOUNT MAY BE USED TO FACILITATE TRANSFER
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OF DOLLAR CASHIER REPLENSHMENTS AND/OR OFFICIAL
COLLECTIONS TO/FROM ZAGREB WITHOUT INCURRING LARGE FEES.
THIS POSSIBILITY COULD RESOLVE CURRENT USDO DIFICULTY
IN TRANSMITTING DOLLARS TO CONSTITUTENT POSTS.

4. EMBASSY ALSO STRESSES IMPORTANCE OF USING DOLLAR
ACCOUNT RATE AS OFFICIAL PREVAILING RATE IN ORDER THAT
FEDERAL ANNUIATANTS IN YUGOSLAVIA RECEIVE DINAR
EQUIVALENT OF WHAT THEY WOULD GET IF THEIR ANNUITANTS
CHECKS WERE PAID IN DOLLARS. AT PRESENT PREVAILING RATE
FEDERAL BENEFICIARIES ARE AT GREAT DISADVANCAGE AND
EMBASSY ANTICIPATES NUMEROUS AND JUSTIFIED COMPLAINTS
FROM ANNUITANTS UNLESS PREVAILING RATE IS CHANGED.

5. EMBASSY REQUESTS THAT DEPARTMENT/TREASURY APPROVE
ITS IMMEDIATE USE OF BANK'S HARD CURRENCY BUYING RATE
AS OFFICIAL PREVAILING RATE AT EARLIEST PRACTICABLE
TIME. REQUEST REPLY BY NIACT IMMEDIATE. ALTHOUGH WE UNDERSTAND
THAT EXISTENCE OF FOREIGN CURRENCY ACCOUNT IS NOT PREREQUISITE
TO AVAILABILITY OF BANK RATE, WE REQUEST EARLY AUTHORIZATION
TO ESTABLISH ACCOUNT FOR REASONS SET FORTH IN PARA 3 ABOVE.
EAGLEBURGER

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Message Attributes

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Status: NATIVE
Subject: OFFICIAL EXCHANGE RATE
TAGS: EFIN, YO
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Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/47083ab1-c288-dd11-92da-001cc4696bcc
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